



## U.S. Department of Justice

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### **FORMER OPERATOR OF GALENA RESTAURANT/BAR PLEADS GUILTY TO EVASION OF FEDERAL TAX INCOME TAXES**

ROCKFORD -- PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, together with BYRAM TICHENOR Special Agent-In-Charge, Criminal Investigation Division, Internal Revenue Service, today announced:

**RONALD J. KAHN**, (DOB: 04/27/42), formerly of Galena, pleaded guilty today in federal court to evading federal income taxes for the 1990 tax year by skimming thousands of dollars of receipts of Grant's Place Restaurant and Bar in Galena, Illinois, and submitting a false income tax return which failed to report the receipts.

In pleading guilty today, Ronald Kahn admitted that he had secretly skimmed Grant's Place receipts. According to his plea agreement, he filed a federal income tax return for 1990 which did not report the skimmed receipts as income. Kahn further admitted that he secretly maintained a second set of books that recorded the skimmed receipts. He also admitted that he instructed his son to mislead the IRS during the investigation of the cash skimming. Kahn further admitted that he skimmed receipts from Grant's Place during 1989 and 1991, and also filed income tax returns for those years which did not report the skimmed receipts as income. In the plea agreement, Kahn admitted that in tax years 1989 through 1991, he failed to report a total of \$403,172 in income and evaded a total of \$131,254 in federal income taxes.

Ronald J. Kahn faces a maximum penalty of 5 years in prison, followed by 2 to 3 years of supervised release, and a fine of up to \$250,000. He is also subject to the payment of costs of prosecution as well as the civil collection of all taxes, penalties, and interest due. The actual sentence will be determined by the United States District Court, guided by the federal Sentencing Guidelines and the Federal Rules of Criminal Procedure.

Sentencing of Ronald J. Kahn has been set for July 29, 2005 at 11:00 a.m. The case was investigated by Special Agents of Criminal Investigation Division of the Internal Revenue Service, and is being prosecuted in United States District Court by Assistant United States Attorney MICHAEL LOVE.

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